

## Message Text

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67

ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 AGR-05 SSO-00 NSCE-00 INRE-00

USIE-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 AID-05

COME-00 FRB-03 TRSE-00 XMB-02 OPIC-03 CIEP-01 LAB-04

SIL-01 OMB-01 /079 W

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O R 292041Z JUL 76

FM AMCONSUL RIO DE JANEIRO

TO SECSTATE WASHDC IMMEDIATE 0000

INFO AMEMBASSY BRASILIA

AMCONSUL SAO PAULO

AMEMBASSY SAN SALVADOR

LIMITED OFFICIAL USE RIO DE JANEIRO 2878

E.O. 11652: N/A

TAGS : EAGR ETRD BR

SUBJECT : BRAZILIAN PURCHASE OF EL SALVADOR COFFEE

REF: BRASILIA 6611, BRASILIA 6647, RIO DE JANEIRO 2825

BEGIN UNCLASSIFIED

1. JORNAL DO BRASIL AND O ESTADO DE SAO PAULO REPORTED JULY 28 ANNOUNCEMENT OF BRAZILIAN PURCHASE OF 561,200 BAGS OF COFFEE (SUAVE) FROM COSCAFE, EL SALVADOREAN MIXED PUBLIC-PRIVATE COFFEE COMPANY. ANNOUNCEMENT WAS MADE BY CARLOS SANTANA, EXECUTIVE VICE-PRESIDENT OF INTERBRAS, GOB TRADING COMPANY WHICH NEGOTIATED TRANSACTION. REPORTEDLY COSCAFE WILL SHIP 216,200 BAGS IMMEDIATELY: 57,500 FROM EL SALVADOR AND 158,700 FROM COSCAFE (COMPANHIA SALVADORENHA DE CAFE) STOCKS IN HAMBURG. AN ADDITIONAL 345,000 BAGS WILL BE DELIVERED BEGINNING IN SEPTEMBER THROUGH MARCH 1977.

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2. ACCORDING TO NEWSPAPERS COFFEE WILL BE SOLD TO BRAZILIAN FREEZE-DRY SOLUBLE COMPANIES (COCAM, COCA COLA AND MOGI) AND THEN RE-EXPORTED AFTER PROCESSING. SANTANA NOTED THAT BRAZILIAN COFFEE (ARABIC) IS QUOTED AT HIGHER PRICE THAN CENTRAL AMERICAN SUAVE AND SOLUBLE COFFEE WILL TOLERATE A BLEND OF UP TO 20 PERCENT SUAVE WITHOUT CHANGE IN TASTE.

3. REPORTEDLY, PRICE PAID TO EL SALVADOR WILL BE CALCULATED FROM AVERAGE SECOND-POSITION OF NEW YORK CONTRACT OVER GIVEN PERIOD OF DAYS. SANTANA CITED A TOTAL PURCHASE PRICE OF \$100 MILLION DOLLARS (CR\$1 BILLION 955 MILLION). COFFEE SHIPMENTS BEGINNING IN SEPTEMBER WILL BE PAID FOR BY EXPORT OF BRAZILIAN PRODUCTS TO EL SALVADOR.

4. SANTANA REPORTEDLY STATED THAT THIS PURCHASE SHOULD AT A MINIMUM STABILIZE PRICES. JORNAL DO BRASIL QUOTES SANTANA BEGIN QUOTE: THIS PURCHASE, IN A WAY, INITIATES THIS NEW PHILOSOPHY OF BRAZILIAN ACTION IN THE FOREIGN MARKET END QUOTE. O ESTADO DE SAO PAULO REPORTS INTERBRAS ESTIMATE THAT CONTINUING DECLINE OF COFFEE PRICES WOULD HAVE RESULTED IN LOSS OF 200 MILLION DOLLARS IN FOREIGN EXCHANGE IF PURCHASE HAD NOT BEEN REALIZED.

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5. IBC EXPORT DIRECTOR BAUMGRATZ, WHEN CONTACTED BY CONGEN OFF, WAS UNABLE TO COMMENT ON NEWSPAPER REPORTS. AFTER CONSULTATION WITH IBC PRESIDENT CALAZANS, BAUMGRATZ REITERATED GOB INTENTION TO HAVE BRAZILIAN AMBASSADOR SEEK MEETING WITH DEPUTY ASSISTANT SECRETARY KATZ IN WASHINGTON (BRASILIA 6647).

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6. EMBASSY AND FAS CONCUR ON THIS MESSAGE.  
DEXTER

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** COFFEE, SALES, FOREIGN TRADE  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 29 JUL 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** greeneet  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
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**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Previous Handling Restrictions:** n/a  
**Reference:** 76 BRASILIA 6611, 76 BRASILIA 6647, 76 RIO DE JANEIRO 2825  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** greeneet  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 27 APR 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <27 APR 2004 by ShawDG>; APPROVED <25 OCT 2004 by greeneet>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
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**Subject:** BRAZILIAN PURCHASE OF EL SALVADOR COFFEE  
**TAGS:** EAGR, ETRD, BR, ES  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006